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MEMORANDUM

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TO: Docket Control Center

FROM: Ernest G. Johnson
Director
for Utilities Division

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Arizona Corporation Commission
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DATE: January 29, 2008

RE: SUNRISE UTILITIES, L.L.C. (DOCKET NO. WS-04247A-04-0604) AND BEAVER DAM WATER COMPANY (DOCKET NO. W-03067A-04-0216) - REQUEST FOR EXTENSION OF COMPLIANCE DEADLINES

In Decision No. 68247, dated October 25, 2005, the Arizona Corporation Commission ("A.C.C." or "Commission") approved the application of Sunrise Utilities, LLC ("Sunrise" or "Company") for a Certificate of Convenience and Necessity ("CC&N") to provide water and wastewater service in Mohave County, Arizona. In issuing its decision, the Commission ordered the Company to provide certain documents to the Commission. Specifically, Decision No. 68247 ordered that Sunrise should file the following within 365 days of the effective date of the decision:

- a) "a copy of its Mohave County Franchise for its water facilities.
- b) "a copy of the Arizona Department of Environmental Quality ("ADEQ") Certificate of Approval to Construct ("ATC") its public water facilities."
- c) "a copy of the ADEQ Certificate of Approval to Construct its arsenic treatment facilities, if necessary."
- d) "a copy of the developers' Letter(s) of Adequate Water Supply, stating that there is an adequate water supply..."
- e) "a copy of the Letter of Intent and/or the Aquifer Protection Permit ("APP") to be issued by ADEQ."

Based on the October 25, 2005 date of the decision, the original due date of the above items was therefore October 25, 2006.

On October 4, 2006, the Company filed for an extension of 365 days to comply with the above items with the exception of the ATC arsenic treatment facilities. The Company filed evidence stating that it did not require an ATC on arsenic treatment facilities as a new water quality report indicated that its water quality met the new arsenic standard.

On November 7, 2006, Staff of the Utilities Division filed a response to the October 4, 2006 request, recommending approval of Sunrise's request for a 365 day extension of time. On November 28, 2006, via a Procedural Order, the Commission granted the Company request for an

extension of time to comply with the provision to provide the Franchise, the ATC on public water facilities, the Letter of Adequate Water Supply and the Letter of Intent and/or APP issued by ADEQ. The Mohave County Franchise was subsequently provided by the Company on January 25, 2007, therefore removing that item. Staff saw no Commission ruling on the Company assertion that the ATC on arsenic treatment facilities was no longer necessary and this item therefore remains outstanding.

On October 12, 2007, the Company filed for a second major extension of time, requesting an additional 365 days, until October 25, 2008, to provide the filings for the ATC on public water facilities, the Letter of Adequate Water Supply and the Letter of Intent and/or APP. The filing included a letter from Scenic Investments, L.L.C. reiterating the need for service from the Company. The application claims that delays and necessary pre-approvals have hindered the timeframes for provision of these items. First, the ATC for public water facilities is dependent (as an ADEQ precursor) on the final plat approval which was "anticipated in the near future, with a relatively short processing time." Additionally, the Company is awaiting a "hydrology report to obtain the Letter of Adequacy" after a required submittal to the Arizona Department of Water Resources ("ADWR"). In terms of the Letter of Intent and/or APP, the Company states that the application for the APP was submitted to ADEQ on September 13, 2006. The Company's expectation of a nine month review time was delayed when ADEQ "required the Company to rezone the wastewater treatment plant site prior to proceeding". The Company estimates that the ATC on public water facilities, the Letter of Adequate Water Supply and the Letter of Intent and/or APP could be issued, and therefore available, between April and July of 2008. In order to allow for contingencies, the application requests an extension until October 24, 2008 for provision of these remaining items.

Staff remains concerned about the number and relative lengths of Utility Company extension requests, especially in those instances where it is not the initial request for extension. Although not mentioned above, Sunrise originally requested a two year extension on the ATC for arsenic treatment facilities. They have subsequently requested two, one year extensions of time on the various items listed above that were originally granted a period of 365 days. Therefore, while Staff will not object to the requested 365 day extension, Staff believes that language should be included that will serve to limit or eliminate future extension requests.

Based on the application and all of the above, Staff does not object to the Company's request for a 365 day extension of time to comply with the ATC on public water facilities, the Letter of Adequate Water Supply and the Letter of Intent and/or APP as required by Decision No. 68247. However, Staff recommends that no further time extensions be granted.

EGJ:BKB:lhbm

Originator: Brian K. Bozzo

Attachment

SERVICE LIST FOR:
DOCKET NOS.

SUNRISE UTILITIES, L.L.C. AND BEAVER DAM WATER CO.
WS-04247A-04-0604 AND W-03067A-04-0216

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Ms. Lyn Farmer
Chief Administrative Law Judge
Hearing Division
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October 12, 2007
Arizona Corporation Commission

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HAND DELIVERY

Shauna Lee-Rice

Arizona Corporation Commission

Docket Control

1200 West Washington Street

Phoenix, Arizona 85007

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CORP. COMPL. SECT.
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Re: Sunrise Utilities, LLC; Docket Nos. WS-04247A-04-0604 and W-03067A-04-0216;
Decision No. 68247; Request for Extension of Time to Comply

Dear Ms. Lee-Rice:

On October 3, 2006, the Company requested an extension of time to comply with the Subject Decision. The November 28, 2006 Procedural Order extended those Compliance Dates to October 25, 2007. The Company hereby updates the information in our October 3, 2006 Request, and requests an additional 12 month extension to the Compliance Dates.

As indicated in our previous Request, the Aquifer Protection Permit ("APP") Application was submitted to the Arizona Department of Environmental Quality ("ADEQ") on September 13, 2006, with the expectation of a nine month turnaround time. ADEQ has nearly completed the Administrative Review process. This was delayed because ADEQ required the Company to rezone the waste water treatment plant site prior to proceeding. That has been completed. The final requirement in the Administrative Review is the provision of financial assurances, which will be submitted within thirty days. The Technical Review is then anticipated to require between five and six months before issuance of the APP.

The Company has retained Southwest Groundwater Consultants, Cottonwood Office to prepare the hydrology report to obtain the Letter of Adequacy for the development. The area wide analysis should be completed within 90 days and submitted to the Arizona Department of Water Resources ("ADWR"). The Company could not complete the ADWR submittal before the zoning was determined. A preliminary plat plan has now been filed so that the water demands can be calculated. Although the

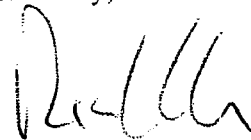
processing time is uncertain, we are informed that the Company's hydrologist is of the opinion that the Letter of Adequacy can be issued within six to nine months.

As to the water Approval to Construct, ADEQ will not process those applications without the final plat approval, so that submittal is anticipated in the near future, with a relatively short processing time. The Company has acquired an unassembled one million gallon storage tank that it will construct upon receipt of the appropriate permits. We are aware that the Commission requires confirmation from the Developer of the project that the Developer intends to proceed with the development. Therefore, we have attached a letter from the Developer in that regard.

As the Commission is aware, for the Company and the Developer to obtain the required approvals from the other agencies involved requires that the Certificate of Convenience and Necessity be in effect. Therefore, the Company would appreciate the Commission's extension of the time to comply with the filing of the ADEQ APP, the water Approval to Construct, and the ADWR Letter of Adequacy be extended to October 24, 2008.

Thank you for your cooperation this regard. In the event you have any questions regarding this matter, please do not hesitate to call.

Sincerely,



Richard L. Sallquist

Enclosure

Cc: Brian Bozzo
Steve Timinskas

Scenic Investments L.L.C.

**PO Box 3660
Mesquite, NV 89024**

October 09, 2007

Linda Jaress
Arizona Corporation Commission
1200 W. Washington Street
Phoenix, AZ 85007-2927

RE: Sunrise Utilities

Dear Mrs. Jaress:

Per your request I am re-emphasizing Vista Montana Subdivision's need for water and wastewater service in Scenic, AZ to be provided by Sunrise Utilities. As the process in obtaining a CC&N took significantly longer than anticipated our approved sketch plan for Mesquite Heights, issued by Mohave County July 16, 2004, had expired, initiating a complete resubmittal. The project was then renamed Vista Montana, to comply with Mohave County's regulations, and resubmitted Nov. 4, 2005. On Feb. 28, 2006 our sketch plan was approved and a new tract number was issued. Our preliminary plat has undergone a couple of revisions and the final submittal of the preliminary plat will be submitted to Mohave County by November 1, 2007.

We hired Southwest Ground-water Consultants, Inc in July, 2007 help us obtain a water adequacy report for Vista Montana. The scope of work includes the collection of additional hydrological data, obtaining more water quality analysis, developing a ground water model, and submitting our application for our water adequacy report. Draw-down testing and water analysis is complete. Our application for the water adequacy report should be submitted in the next couple of months after the ground water model is complete. This effort has taken longer than expected because ADWR changed their requirements for draw-down testing and the modeling of groundwater in this area.

We would appreciate an extension of Sunrise Utilities' CC&N. Sunrise Utilities is essential to meeting the needs of our subdivision and the surrounding community. If you have any questions or concerns please feel free to contact me at (702) 346-6195.

Sincerely,



David Rall
President
Scenic Investments L.L.C.